

# Crisis management under COVID-19

*Management support for financial institutions*



## Contents

<b>Introduction</b>	page 3
<b>Management advisory</b>	page 5
<b>Credit risk management</b>	page 7
<b>Financial management</b>	page 10
<b>Portfolio data analysis</b>	page 12
<b>Remote support – technical infrastructure</b>	page 14
<b>Contact information</b>	page 15

## The corona crisis – Impact and challenges for MFIs and MSME banks

With the **corona virus crisis** freezing up economies all over the world, management teams of **MFIs and banks** find themselves suddenly confronted with **unprecedented challenges**:

### Impact of the crisis

**A threat to business continuity** given that

- normal business activities represent a potential hazard to the health of staff and clients

**Liquidity constraints** due to

- deposit outflows
- reduced loan repayments
- closing interbank markets
- a freeze in international funding

**Deteriorating asset quality** due to

- massive short-term arrears
- reduced loan recoveries

**Declining income** due to

- decreased loan disbursements
- higher funding costs
- lower transaction volumes

### Management challenges

**Protect staff and clients and ensure business continuity** by

- implementing safety measures for employees, especially front-office staff
- identifying critical functions and organizing remote work in the HQ
- reorganizing teams and operations in branches
- communicating closely with stakeholders

**Manage liquidity** by

- communicating closely with deposit clients and funding partners and reviewing deposit terms
- limiting loan disbursements

**Manage loan portfolios** by

- offering loan restructuring and payment moratoriums
- communicating closely with loan customers

**Optimize costs** through

- cost-cutting initiatives and intensified cost control
- freezing of noncritical investment projects

# The corona crisis - Initial response and business continuity

## Objectives

### Protect the health of

- staff working in branches and in the head office
- clients encountering staff and other clients

### Ensure uninterrupted business operations by

- minimizing threats to business continuity
- minimizing direct personal contacts and reducing personal interaction in all standard processes in response to the changed environment and state interventions that are affecting public life

## Immediate measures

### Safeguard staff and clients by

- **adjusting the work in branches** – reduce direct client contact wherever possible, establish social distancing rules at contact points such as service desks and waiting areas, and provide sanitary and hygiene supplies to all team members
- **reorganizing the work in the HQ** – initiate/expand home office work, implement safety standards in the workplace, introduce shifts wherever possible

### Ensure business continuity by

- **activating the business continuity plan**
- **protecting critical functions and roles** (treasury, payments, back office, IT systems etc.)
- **promoting digital, remote and self-service channels** (e-banking, m-banking, ATMs, call center etc.)
- **implementing digital signatures** for client contracts where legislation allows

The immediate response focuses on safety and business continuity within current parameters. However, the organizational set-up, distribution channels, staffing and communication will all require adjustment over time.

## Our service: Management advisory in a crisis situation

### Objectives

#### Help the management of MFIs and MSME banks to

- **prioritize actions**, making sure that the most important issues are tackled first
- **reorganize operations** to ensure that available resources are allocated to high-priority tasks
- **apply the right instruments** when managing liquidity, navigating market risks and restructuring customer loans
- **act in a timely and decisive manner** in a highly volatile and unpredictable environment
- **communicate clearly and with confidence**, making sure that all relevant stakeholders (clients, staff, the board and shareholders, funding partners etc.) receive necessary information in a timely manner

### Our role

**Our team of former MSME bank executives** have extensive experience managing MSME banks in crisis environments and can share their know-how with peers in different ways:

- **mentoring and supporting individual managers**, helping them to cope with their tasks in a challenging environment
- **acting as a discussion partner or “sounding board”** before important decisions are made
- **sharing experience** – which approaches have worked well in similar situations?
- **providing conceptual and technical input** as required

## Management Advisory Team

Experienced banking executives who combine:

- extensive management experience in their regional environments
- broad field experience in business and credit risk
- extensive experience in crisis management and business continuity / recovery
- strong communication skills
- a highly analytical approach and conceptual strength



**Dr. Philipp Pott**  
Managing Partner

15+ years of experience in executive leadership roles in MSME banks in Eastern Europe

**Key expertise:**

- General management
- Turnaround management
- Business development

**Languages:**

German, English and Russian



**Asmus Rotne**  
Senior Banker

15+ years of experience in MSME banking and management consulting in executive and senior management roles

**Key expertise:**

- Institutional analysis
- Management of distressed institutions
- Strategy development

**Languages:**

Danish, German, English and Russian



**Kemal Seitveliiev**  
Senior Banker

15+ years of experience in MSME banking and management consulting in executive and senior management roles

**Key expertise:**

- Institutional analysis
- Management of distressed institutions
- Risk management

**Languages:**

Russian, English, Ukrainian and Turkish



**Pedro Arriola**  
Manager Latin America

30+ years of experience in financial sector consultancy and executive bank management

**Key expertise:**

- Strategic planning
- MSME lending
- Business development

**Languages:**

Spanish and English



**Meik Proescher**  
Senior Banker

13 years of experience in MSME banking in executive and senior management roles

**Key expertise:**

- Institutional analysis and strategy
- Management of distressed institutions
- Recovery management

**Languages:**

German, English and Spanish



**Ardian Salihu**  
Senior Banker

12+ years of MSME banking and management consulting experience, including executive management roles

**Key expertise:**

- Institutional analysis
- Risk management
- Finance

**Languages:**

Albanian, English and Spanish

## Our service: Credit risk management in a crisis situation

The impact of the COVID-19 crisis is already causing a deterioration in the risk profile of MSME loan portfolios before actual defaults occur. Banks and MFIs need to react swiftly to minimize the financial impact of the current situation. Our team supports institutions in designing immediate responses and increasing their readiness, with the following focus areas:

### Credit risk

- Carry out a rapid **portfolio review** to identify clients/segments most at risk
- Define **approach and measures** according to simple risk classification
- Adjust definition and criteria of **restructuring** and other measures
- Ensure proactive communication with clients, including guiding rules for staff
- Ensure **rapid implementation** of immediate relief measures
- Revise **decision-making** authority
- Ensure efficient **underwriting**
- Properly record all contract modifications in the **system**
- Ensure focused **reporting** on the portfolio
- Frequently **reassess** the impact of the crisis, **fine-tune** measures over time

### Business operations

- Adjust **lending strategy**, balance restructuring/recovery activities and new lending
- Redesign **client profiles**/segments, **eligibility** criteria, and **product range** (liquidity, working capital)
- Define a **client communication** strategy ensuring close coordination with clients

### Recovery

- Define a short- and long-term **recovery strategy**
- Enhance framework for **collection, litigation** and **execution**
- Define basic **strategies** with clients according to risk profile and **cost/benefit** considerations
- **Train staff**, revise staff performance indicators (KPIs)
- Strengthen recovery steering committee

### Back office

- Prepare for **increase in cases** with changing loan terms and conditions
- Enable **remote delivery of services**
- Strengthen back office as **key control function** during crisis

### Internal communication/organization

- Define an **internal communication** strategy to ensure effective and constructive coordination
- Ensure **business continuity** with secure and uninterrupted working processes



## Credit Risk Management - Core Team

Experienced banking professionals who combine:

- experience in managing lending operations in crisis situations – during the global financial crisis in 2008, and in individual financial markets
- an ability to design swift and effective action in emergency situations
- managerial and operational experience to increase the readiness of an institution to deal with severely impacted lending clients



**Michael Kowalski**  
Managing Partner

20+ years of experience in international banking in executive and SMT roles

**Key expertise:**

- MSME lending
- Risk management
- Credit risk and problem loan management, loan recovery

**Languages:**

German and English



**Jonela Ketri**  
Senior Banker

20+ years of experience in the areas of MSME lending and credit risk management

**Key expertise:**

- MSME lending
- Credit risk management
- Staff capacity building and training
- Environmental risk management

**Languages:**

Albanian, English, Spanish, French, German, Portuguese and Romanian



**Mahmudali Guseynov**  
Senior Banker

15+ years of experience in MSME banking, including in executive and SMT roles

**Key expertise:**

- Credit risk management
- Problem loan management and loan recovery
- Institutional analysis and restructuring

**Languages:**

Russian, English, German and Turkish



**Ketevan Burduli**  
Senior Banker

14+ years of experience in MSME banking, including in SMT roles

**Key expertise:**

- Management of distressed institutions
- Institutional analysis
- MSME banking
- Credit risk management and operational efficiency

**Languages:**

Georgian, English and Russian



**Yevgeniy Maksakov**  
Principal Banker

15+ years of experience in MSME banking, including in senior management roles

**Key expertise:**

- MSME lending
- Credit risk analysis
- Credit underwriting
- Loan recovery

**Languages:**

Ukrainian, English and Russian



**Barbara Asumadu**  
Principal Banker

14+ years of experience in MSME banking, including in senior management roles

**Key expertise:**

- MSME business development
- MSME lending
- Credit risk management
- Training and staff capacity building

**Languages:**

English, French and Swahili



## Credit Risk Management - Extended Team

Experienced banking professionals who combine:

- broad regional MSME banking experience in Africa, Eastern Europe and Central Asia, Latin America and Southeast Asia
- field experience in managing lending operations and credit risk in different market environments, including in crisis situations



**Vanessa Inácio**  
Principal Banker



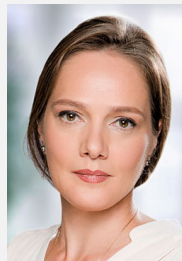
**Florian von Schoenberg**  
Principal Banker



**Michael Sowah**  
Principal Banker



**Oscar Villaseca**  
Senior Banker



**Tamar Geradze**  
Principal Banker



**Mikheil Shatavidze**  
Principal Banker



**Tamar Ganugrava**  
Principal Banker



**Marco Changuan**  
Principal Banker

## Our service: Financial management support during a crisis

### Practical support to avoid or address liquidity, funding and currency issues

COVID-19 is causing macroeconomic shocks which have the potential to immediately threaten the financial viability of banks and MFIs, even before the full impact on portfolio quality is felt:

**Non-deposit taking MFIs** are highly dependent on their international funding partners. Deterioration in portfolio quality and income will often lead to covenant breaches for liquidity, OCER and CAR with the risk of triggering a downward spiral. Intensive relationship management based on reliable information is required:

- Proactive and comprehensive updates on the current situation
- Forecasting of KPIs and covenants
- Negotiation of waivers and/or restructurings



**Banks and deposit-taking MFIs**, particularly in unstable currency environments, will face additional challenges:

- Managing the OCP to cope with FX conversion of deposits and unavailability of hedging options
- Deposit withdrawals and liquidity constraints



**inspiring development** has been involved in numerous restructuring cases, analyzing the respective situation, recommending remedial actions and supporting negotiations.

Based on this experience, our **meaningful support for MFIs** includes:

- Analyzing the current financial situation and implications of the crisis
- Supporting or developing financial forecasts, including KPIs and financial covenants
- Recommending measures to stabilize the institution's financial position and performance
- Developing reporting formats and templates
- Supporting investor communication, including participation in negotiations for covenant waivers or restructurings

Furthermore, we can **support deposit-taking institutions** through:

- Preparation of and participation in asset liability committees
- Recommendations and practical advice for managing large-scale deposit withdrawals and currency exchange into FX: client communication, terms and conditions, administrative measures, negotiations with supervisory authorities

## Financial Management Team

Experienced banking professionals who combine:

- senior management backgrounds and operational experience in MSME banks
- deep understanding of financial management in difficult environments
- conceptual and presentational strength and strong communication skills
- extensive experience in the restructuring of distressed institutions



**Stephan Boven**  
Managing Partner

20+ years of experience in MSME banking in executive and senior management roles

**Key expertise:**

- Establishing, guiding and supervising retail and MSME-oriented banks
- Institutional analysis, restructuring and strategy development
- Finance, ALM and risk management

**Languages:**

German and English



**David Gabelashvili**  
Senior Banker

15+ years of experience in finance and risk management, incl. in executive roles

**Key expertise:**

- Finance and asset-liability management
- Risk management
- Institutional analysis

**Languages:**

Georgian, Russian and English



**Beatrice Langefors**  
Principal Banker

12+ years of experience in the areas of ALM, treasury and risk management

**Key expertise:**

- Data analysis and modeling
- Financial analysis and forecasting
- Treasury
- Investor reporting and communication

**Languages:**

Swedish, English and German



**Nina Rauschert**  
Principal Banker

15+ years of experience in finance, incl. in executive roles

**Key expertise:**

- Finance
- Capital planning
- Asset-liability management

**Languages:**

German, English and Spanish



**Dr. Christina Reifschneider**  
Senior Banker

13+ years of experience in MSME banking in executive and senior management roles

**Key expertise:**

- Institutional analysis and strategy
- Finance and asset-liability management
- Risk management

**Languages:**

German, English and Spanish



**Ardian Salihu**  
Senior Banker

12+ years of experience in MSME banking in executive and management roles

**Key expertise:**

- Institutional analysis, restructuring and strategy development
- MSME banking and credit risk management
- Finance, ALM and risk management

**Languages:**

Albanian, English and Spanish

## Our service: Portfolio data analysis – ID Analyzer

Remote analysis of granular portfolio data to gain an in-depth and reliable understanding of portfolio structure, portfolio quality and expected losses

### Background

After emergency measures have been initiated in response to COVID-19 and business activities resumed, it will be vital for lenders and shareholders of banks and MFIs to conduct in-depth loan portfolio analyses.

### Service

In-depth granular data analysis for efficient (offsite) portfolio review

### Deliverables

Comprehensive portfolio reporting, including:

- graph-based portfolio report and analysis of historical development, productivity and performance
- quantification and assessment of crisis portfolio
- main issues from a credit risk and business development perspective
- vintage analysis
- expected credit losses (cost of risk) pre-COVID-19-crisis and estimated post-crisis

### What to expect

**A focus on the institution's core data** – Portfolio analysis based on database extracts using commonly available data and formats

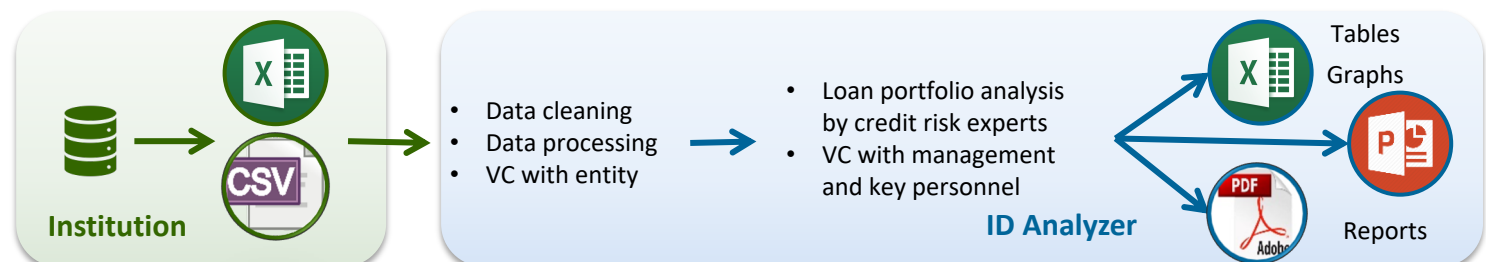
**Full view of the loan portfolio** – Comprehensive view of portfolio development, focusing on main business and risk trends

**In-depth portfolio quality analysis** – Analysis of credit quality and detection of performance issues, including rescheduled loans (even if not flagged by the investee)

**Key processes** – Review of organization and functioning of the lending business and credit risk management via VC with key personnel and management

**COVID-19 portfolio** – Analysis of COVID-19-affected portfolio and review of management initiatives and actions undertaken

### Process



### Benefits

**An understanding of the institution's portfolio** – An executive summary with highlights and graph-based reporting provides a clear visual picture

**An assessment of the institution's core credit processes** – Overview and assessment of the core credit processes of the institution, highlighting the critical items that merit management and investor attention

**Crisis management** – Assessment of key initiatives and actions undertaken by the institution in response to COVID-19 and the expected impact of the crisis

**Financial impact and assessment of shock-absorbing capacity** – Ability to use the data, in combination with financials, to assess the shock-absorbing capacity of and expected impact on the institution



## Portfolio Data Analysis Team

Experienced banking professionals who combine:

- a highly analytical approach and technical expertise
- a deep understanding of the operational reality of banks and MFIs
- a unique track record in portfolio analysis and identification of problematic loan portfolios



**Stephan Boven**  
Managing Partner

20+ years of experience in MSME banking in executive and senior management roles

**Key expertise:**

- Establishing, guiding and supervising retail and MSME-oriented banks
- Institutional analysis, restructuring and strategy development
- Finance, ALM and risk management

**Languages:**

German and English



**Mariam Ghudushauri**  
Associate Banker

10+ years of experience in MIS, reporting and financial analysis

**Key expertise:**

- Financial analysis and forecasting, budget and business plan models
- Profitability tools, data analysis, business intelligence reports

**Languages:**

Georgian, Russian and English



**Vanessa Inacio**  
Principal Banker

10+ years of experience in credit risk and lending

**Key expertise:**

- Data analysis, credit risk modeling and scoring
- MSME lending and credit risk management

**Languages:**

Portuguese, English and Spanish



**Beatrice Langefors**  
Principal Banker

10+ years of experience in the areas of ALM, treasury and risk management

**Key expertise:**

- Data analysis, credit risk modeling and scoring
- Financial analysis and forecasting, budget models, profitability tools, business intelligence reports

**Languages:**

Swedish, English and German



**Dr. Christina Reifschneider**  
Senior Banker

13+ years of experience in MSME banking in executive and senior management roles

**Key expertise:**

- Institutional analysis and strategy
- Finance and asset-liability management
- Risk management

**Languages:**

German, English and Spanish



**Ardian Salihu**  
Senior Banker

12+ years of experience in MSME banking in executive and management roles

**Key expertise:**

- Institutional analysis, restructuring and strategy development
- MSME banking and credit risk
- Finance, ALM and risk management

**Languages:**

Albanian, English and Spanish

## Remote support under current conditions – technical infrastructure

### Meeting and training facilities in Zoom



- Individual management coaching and mentoring sessions in virtual private rooms
- Recordings can be made available where required and appropriate
- Zoom is easily accessible from a mobile app, a desktop client or a web browser
- Training – just like in our on-site trainings, sessions are co-led by two expert-trainers; facilitation of interactive workshops by our experienced team includes case studies, conversations and work in small groups (pods), video resources etc.
- Online meetings, presentations and webinars for up to 100 participants from one institution or a set of institutions with access control
- Virtual visits to premises, infrastructure and people

*This versatile interface has been an established part of our work in recent years and functions reliably even in areas with low bandwidth.*

### Dedicated team and project spaces online



- File sharing, chat and project progress monitoring tools hosted on our secure Share Point Server (SPS) with strict user management and encryption for the respective project
- Convenient access with offline synchronization options and mobile access
- Straightforward upload and download of relevant files, data and information

- ✓ Online signatures for contracts and documents
- ✓ Our team members are available by Skype, WhatsApp and e-mail. In addition, we offer the use of Telegram and Signal should additional security be required.

## Contacts and further information



Stephan Boven  
Managing Partner  
[boven@inspiring-development.com](mailto:boven@inspiring-development.com)  
+49 152 327 300 17



Michael Kowalski  
Managing Partner  
[kowalski@inspiring-development.com](mailto:kowalski@inspiring-development.com)  
+49 152 900 058 27



Dr. Philipp Pott  
Managing Partner  
[pott@inspiring-development.com](mailto:pott@inspiring-development.com)  
+49 176 628 086 16

**Please contact us for additional information.  
We will be glad to discuss your specific  
requirements and to provide:**

- further information on our services and our approach
- information on possible service packages to address specific needs
- an individualized quote

*This document was compiled by:*  
**I.D. Inspiring Development GmbH**  
Eschborner Landstrasse 42-50, Haus B  
60489 Frankfurt am Main / Germany  
*Phone* +49 69 678 30 79-0  
*Fax* +49 69 678 30 79-99  
*@* [info@inspiring-development.com](mailto:info@inspiring-development.com)  
*WWW.* [inspiring-development.com](http://inspiring-development.com)